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ABSTRACT

Provided are guidelines and background information for use in applying for guaranteed loans through the Day Care Facilities Loan Guarantee Fund (the "Fund"), which is administered by the Maryland Department of Economic and Community Development. The purpose of the Fund is to guarantee loans made by lending institutions to finance the expansion or development of group or family day care facilities in Maryland. In addition to application information, this document provides (1) a copy of the day care guarantee fund application form, (2) a description of the program, (3) definitions of related concepts, and (4) reprints of legislation related to the fund. (RH)

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THE DAY CARE FACILITIES LOAN GUARANTEE PROGRAM

Joan Case

Purpose of the Fund

The purpose of the Day Care Facilities Loan Guarantee Fund (the "Fund") is to guarantee loans made by lending institutions to finance the expansion or development of group or family day care facilities in Maryland. The Fund, which is administered by the Maryland Department of Economic and Community Development (the "Department"), will guarantee up to 80% of a loan offered by a lender.

In guaranteeing loans, consideration shall be given to geographic distribution, community need, and community income, with priority given to those communities with the lowest median family income.

Proceeds of loans guaranteed by the Fund are to be used to enhance the quality of life in the State of Maryland, through the creation of additional day care facilities, not to refinance existing indebtedness.

To Apply

To apply for financial assistance from the Fund, an applicant shall submit to the Department an application on the form that the Department requires.

Required Information

1. A detailed description of the group or family day care facility;
2. An itemized list of known and estimated costs;
3. The total amount of money required to run the group or family day care facility;
4. The funds available to the applicant without loan guarantee assistance from the Department;
5. The amount of loan guarantee assistance sought from the Department;
6. Information that relates to the inability of the applicant to obtain adequate financing on reasonable terms through normal lending channels

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such as a letter from a lending institution indicating that without the loan guarantee the applicant would not be able to secure the needed funding.

7. Information that relates to the financial status of the applicant, including, if applicable:

   (i) A current audited balance sheet;

   (ii) A profit and loss statement; and

   (iii) Credit references.

General Information

The applicant shall agree to pay an insurance premium directly to the lender for remittance to the Department.

Upon being notified of a default by the lender, the Department may:

1. Cure the default; or
2. Advise the lender to accelerate the maturity of the loan and enforce the liens created by the loan documents; or
3. Purchase the loan documents; or
4. Make a cash payment in the amount of it's guarantee; or
5. Do any combination of the above.

Upon receipt of your application form, the Department will determine whether or not your day care project appears to qualify for a loan guarantee and inform you of the decision. If you appear to qualify, the Department will advise you how to proceed in working with a lender to apply for a loan which the Department will guarantee under the provisions of the Fund.

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As the Program develops, changes can be anticipated. The goal of the Program is to provide for more day care facilities in the State of Maryland through guaranteeing day care loans. These loans have not been readily available in the past, but the Department hopes that it's guarantee program will make them more available.

You may make an appointment for a pre-application conference by calling Joan Case, Director, Day Care Facilities Loan Guarantee Program, at (301) 659-4308 or 659-4310.

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DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

DAY CARE GUARANTEE FUND APPLICATION

I/we hereby make application for:

a guarantee by DECD of ____% of a loan in the amount of $_____

from _____

@ ____% for ____ years plus construction period (if any) of ____ months,

amortizing _____

I. Applicant _____
(Correct Legal Name)

Business Address _____
Street City State Zip

Mailing Address (If different) _____

Contact Person ____ _____ Telephone # _____

List ALL other busines. locations _____

_____

_____

II. Information about the individual completing this application:

_____
Name

_____
Address

_____ _____
Daytime Telephone Relation to Applicant

III. Type Ownership:

___ Individual ___ Limited Partnership ___ General Partnership

___ Joint Venture ___ Corporation ___ Other _____

Complete if a business:

Principals	% Ownership	Address	Soc. Sec. #	Telep.

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Limited Partnership, Articles of Limited Partnership filed with

City/County of _____ State of _____

on _____, 19 ____.

____ Corporation, State of Incorporation _____

Date of Incorporation _____. If not a Maryland Corporation, date of qualification to do business in Maryland _____

Date Business Established _____ Fiscal Year End _____

List ALL Trade Styles _____

I.R.S. Employer I.D. Number _____

List ALL affiliates or subsidiaries (If any)

Name	Address	Relationship

Describe ALL activities between or with affiliates and/or subsidiaries (If any)

_____

_____

Detailed description of business operations (Include services rendered)

_____

_____

_____

_____

IV. Ownership:

Management (Proprietor, partners, officers, directors and stockholders owning 20% or more of outstanding stock)

Name	Address	% Owned	Annual* Comp.	*Race	*Sex

*Refers to all items received from the Applicant, i.e., bonus, insurance, car, etc. Attach additional sheets as necessary.

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V. Management:

A. Key Personnel (Refers to all persons involved in the day-to-day operations of the business. (This will include management employees and everyone listed in Section IV, Parts A, B, C, and D who are active in the operation of the Applicant business): Attach resumes of all educational staff members as Exhibit A. (Md. State Dept. of Health and Mental Hygiene form DHMH 1153B may be substituted here.)

Name	Title/Position	Years Empl'd	Age	*Annual Salary	*Other Compensation

VI. Other General Information

A. Banking Relationships:

Financial Institution/ Address	Account Number/ Account Officer	Type of Account	Current Balance

*Refers to all items received from the Applicant, i.e., bonus, insurance, car, etc. Attach additional sheets as necessary.

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B. ALL outstanding credit obligations:

	Creditor Address	Guaranteed or Insured by/ Kind of Loan	Payment Amount/ Maturity Date	Rate/ Collateral	Original Amount Current Balance
(1)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(2)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(3)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(4)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(5)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(6)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(7)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(8)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(9)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -
(10)	- - - - - - - - - -	- - - - - - - - - -	- - - - -	- - - - - - - -	- - - - -

C. Counsel representing Applicant:

Name _____ Address _____ Telephone _____

D. Accountant for Applicant

(Note: Applicants should authorize their accountants to answer any questions and supply any financial information requested by DECD's staff):

Name _____ Address _____ Telephone _____

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E. Insurance Information for all insurance owned or paid for by Applicant including but not limited to insurance for facilities, inventory, workmen s compensation and liability as well as life or health insurance for employees, partners, stockholders or proprietors:

	Insurance Carrier/ Policy # & Expiration	Type of Coverage/ Coverage Limits	Agent Name/ City, Phone	Beneficiary/ Loss Payee
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				

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VII. Eligibility of Applicant:

A. Special Considerations

(1) Community Need
Explain and document the need for the establishment/ enlargement of the Day Care Facility

_____

_____

_____

_____

_____

_____

(2) Community Income:
Describe the general economic status of the people to be served by the Day Care Facility, with emphasis on the Family Income. Document as well as possible:

_____

_____

_____

_____

_____

_____

(3) The information concerning minority groups and sex is requested for statistical purposes so the Program may determine the degree it's programs are utilized by minority individuals and businesses. If a business, check the category applicable to 51 percent or more of the ownership.

_____ American Indian/Alaska Native

_____ Asian/Pacific Islander

_____ Black

_____ White

_____ Hispanic

_____ Other _____

_____ Male

_____ Female

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VIII. Impact on the Community

A. Overview:

Fiscal Year:	Current	After 1 Yr	After 2 Yrs	After 3 Yrs
Annual Gross Income				
Annual Payroll				
# of Employees (full time equivalents)				
Annual Property Tax				

B. Projected Employment:
(Full Time Equivalents)

Category	Number to be Employed Projected After Current	1 Yr.	2 Yr.	3 Yr.	Estimated Percent To Be Drawn From Local Labor Market Area Current	1 Yr.	2 Yr.	3 Yr.	Salary/ Wage Range
Admin. & Professional									
Clerical									
Para-Profess.									
Other									
Total									

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C. Principal Competitors:

	Name	Location	Capacity	Rates
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				

D. Use of Proceeds:
(Enter Gross Dollar Amounts Rounded to Nearest Hundreds)

	Loan Requested
Land Acquisition	$
Building Construction	
Building Expansion or Repair	
Acquisition and/or Repair of Machinery and Equipment	
Inventory Purchase	
Working Capital	
Acquisition of all or part of Existing Business	
Architects Fee	
Legal Fees	
Advertising Costs	
All Other	
Total Loan Requested	
Term of Loan	

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E. Summary of Collateral:

If your collateral consists of (A) Land and Building, (D) Accounts Receivable and/or (E) Inventory, fill in the appropriate blanks. If you are pledging (B) Machinery and Equipment, (C) Furniture and Fixtures, and/or (F) Other, please provide an itemized list (labeled Exhibit A) that contains serial and identification numbers for all articles that had an original value greater than $500. Include a legal description of Real Estate offered as collateral.

	Present Market Value	Present Mortgage Balance	Cost Less Depreciation
A. Land and Building			
B. Machinery & Equip.			
C. Furniture & Fixtures			
D. Accounts Receivable			
E. Inventory			
F. Other			
TOTAL COLLATERAL			

F. Fund Available for Equity

Corporate* _____

Personal* _____

Total _____

*Note - Detail Sources on attached sheet

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Checklist for application package: ALL EXHIBITS MUST BE SIGNED AND DATED BY INDIVIDUAL COMPLETING THIS APPLICATION.

Answer Yes, No, or N/A where appropriate to the following questions.

_____1. Have you and all other persons listed in Section IV of this application completed Personal Financial Statements? (Attach these statements as Exhibit A1, A2, etc.)

_____2. Have you provided resumes describing the educational and previous employment background of all persons listed in Section V? (Attach as Exhibit B.)

_____3. Has the Applicant or any of the persons listed in Section IV ever filed a petition in bankruptcy, wage earners petition, or for arrangement, or an assignment for the benefit of creditors? If your answer is yes, attach a brief description of the proceeding, including court and case number. (Attach as Exhibit C.)

_____4. If the Applicant or any person listed in Section IV is involved in pending lawsuit, please briefly describe the suit and identify the court and case number. (Attach as Exhibit D.)

_____5. Have you included the following statements for 3 prior years and the current year (within 90 days of the date of this application) as well as projected figures for the next 3 years? (Attach as Exhibit E1, E2, etc.)

(a) Audited Balance Sheet
(b) Income (Profit and Loss) Statement
(c) Cash Flow

_____6. Have you included an Aged Trial Balance for your accounts payable? (Attach as Exhibit F.)

_____7. Have you included copies of Applicant's federal income tax returns for two (2) prior years? (Attach as Exhibits G1 and G2.)

_____8. Have you included a copy of the lease or deed and any deeds of trust for Applicant's principal place of business? (Attach as Exhibit I.)

_____9. Have you included the following items (where applicable)? (Attach as Exhibits J1, J2, etc.)

___(a) Partnership Agreement or Limited Partnership Agreement
___(b) Certificate of Limited Partnership
___(c) Articles of Incorporation and Certificate of Filing with SDAT
___(d) By-laws
___(e) Certificate of Corporation's Good Standing
___(f) Certificate of Qualification to do Business in Maryland where Applicant is incorporated in another state.

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_____10. Have you enclosed copies of all loan documents executed in connection with the loans listed in Section VI B of this application? (Attach as Exhibit K.)

_____11. Have you enclosed a detailed description of all the property now owned and to be acquired which you propose as collateral for the loan? (Attach as Exhibit L.)

_____12. Have you included copies of all the insurance policies listed in Section VI E of the Application? (Attach as Exhibit M.)

_____13. Have you provided documentation regarding applicant's inability to obtain adequate financing on reasonable terms through other lending channels without the Department's guarantee (for example, letters dated within 90 days of the date of this application from financial institutions declining requests for financial assistance on the same terms sought from DECD) and letters indicating what could be loaned at what rate? (Attach as Exhibit N.)

_____14. Has the applicant applied for, or received any additional financial assistance other than that described in Section VI B of this application? Describe in detail the financial assistance sought, including the name and address of the source of funding, the amount, type, terms and security offered. (Attach as Exhibit O.)

_____15. HAVE YOU PROVIDED ADEQUATE INFORMATION TO PROVE THAT YOUR EXPANDED/ PROPOSED DAY CARE FACILITY WILL MEET ALL STATE AND LOCAL REGULATORY REQUIREMENTS, INCLUDING ZONING? (Attach as Exhibit P.)

BE SURE TO ANSWER THE NEXT 3 QUESTIONS CORRECTLY BECAUSE THEY ARE IMPORTANT. THE FACT THAT YOU HAVE AN ARREST OR CONVICTION RECORD WILL NOT NECESSARILY DISQUALIFY YOU, BUT AN INCORRECT ANSWER WILL PROBABLY CAUSE YOUR APPLICATION TO BE DECLINED.

Yes/No

_____16. Are any of the persons listed in Sections IV and V presently under indictment, on parole or probation? If yes, furnish details in Exhibit Q. List name(s) under which held, if applicable.

_____17. Have any of the persons listed in Section IV and V ever been charged with or arrested for any criminal offense other than a minor motor vehicle violation? If yes, furnish details in Exhibit R. List name under which charged, if applicable.

_____18. Have any of the persons listed in Section IV and V ever been convicted of any criminal offense other than a minor motor vehicle violation? If yes, furnish details in Exhibit S. List name(s) under which convicted, if applicable.

NOTICE: If loan processing cannot be completed within 90 days, there will be requests for additional up dated statements

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STATEMENTS REQUIRED BY LAW AND EXECUTIVE ORDERS

PLEASE TAKE NOTE: Section 266LL-11 of Article 41, The Annotated Code of Maryland provides as follows:

(A) A person may not knowingly make or cause any false statement or report to be made in any application or in any document furnished to the Department.

(B) A person may not knowingly make or cause any false statement or report to be made for the purpose of influencing the action of the Department on an application for financial assistance or for the purpose of influencing any action of the Department affecting financial assistance whether or not such assistance may have already been extended.

(C) Any person or any aider and Abettor, who violates any provision of this subheading, is guilty of a misdemeanor and on conviction is subject to a fine not exceeding $50,000 or imprisonment in the penitentiary not exceeding 5 years, or both.

Certification: All information in this Application and in the attached Exhibits is true and complete to the best of my knowledge, information and belief and is submitted to DECD as a potential guarantor of a loan requested from:

_____
(Lender)

Address _____

Phone # _____ Contact _____

An identical copy of this application has been presented to the Lender.

On behalf of the Applicant, I authorize the Department of Economic and Community Development to make such investigation as they feel necessary to verify information submitted in this Application.

Correct Legal Name of Applicant: _____

By: _____ _____
Signature Date

_____ _____
Typed Name Title

ATTEST:

_____ _____
Signature Title

_____
Typed Name

CORPORATE SEAL

Signature of Preparer if Other than Applicant: _____

_____ _____
Typed Name and Relationship to Applican

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(EXHIBIT A)

Pursuant to the provisions of Executive Order 01.01.1983.18 please be advised that:

(1) Any personal information ("personal information" means any information about a natural person or his/her immediate family which identifies or describes any characteristics including but not limited to education, financial transactions or worth, medical history, criminal or employment record or things done by or to that natural person or his/her immediate family) supplied to the Department/Administration by the Applicant or obtained by the Department/Administration during the course of its investigations will be used principally in its determinations of the feasibility and creditworthiness of an application;

(2) Failure to accurately and adequately supply requested personal information may seriously jeopardize the Department/Administration's approval of the application;

(3) The Department/Administration will permit the subjects of any personal information in an application to inspect, amend, and correct such personal information;

(4) Any document supplied to or obtained by the Department/Administration may be a public record subject to public inspection under the Maryland Public Information Act and COMAR 05.04.03.01 - et seq , however, trade secrets, information privileged by law, confidential commercial data and records describing an individual person's finances may not be disclosed by the Department/Administration under the Maryland Public Information Act;

(5) Such information may be shared wtih participating lender(s) or with other state, local or federal government agencies involved with the proposed financing.

I have read this page and fully understand its implicati ns.

_____

Signed

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DAY CARE FACILITIES LOAN GUARANTEE PROGRAM

The Day Care Facilities Loan Guarantee Program was created as a result of legislation passed by the Maryland General Assembly in 1983 and placed under the jurisdiction of the Maryland Department of Economic and Community Development (DECD). At the same time, a state debt in the amount of $750,000 was created to be used as a grant to DECD for the purpose of funding the program. I was appointed as Director of the program in April, 1985.

The purpose of the Day Care Facilities Loan Guarantee Fund is to guarantee loans made by lending institutions to finance the expansion or development of group or family day care facilities in Maryland.

It is estimated that Maryland has only half of the day care facilities it needs. There are approximately 168,000 pre-school children in the state whose mothers work. However, fewer than 50,000 are enrolled in regulated day care programs.

In order to improve economic conditions and quality care, the Day Care Facilities Loan Guarantee program seeks to guarantee loans which will:

1. Create and/or expand quality day care facilities for infants, pre-schoolers and students who need before and after school care.

2. Just recently the program has started making known its availability to clients who wish to expand or develop day care facilities for the elderly (Adult Care) and the handicapped.

3. Gainfully employ additional qualified staff.

4. Impact on the geographic distribution of day care facilities throughout the state as well as impact on community need with priority given to those communities with the lowest median income.

The Day Care Facilities Loan Guarantee Fund will guarantee up to 80% of the loan offered by a lending institution when certain conditions are met. Among the conditions are:

1. The loan to be guaranteed must not total more than 95% of the total value of the project.

2. The applicant must demonstrate an inability to obtain adequate financing on reasonable terms through normal lending channels.

3. The applicant must meet all relevant state and local laws and regulations, including licensing and zoning.

The maximum guarantee is $100,000 except in cases of demonstrated need when a higher amount may be approved. It is not anticipated that any loan to be guaranteed would exceed $500,000. The minimum loan amount to be guaranteed is $5,000. The interest rate charged on the loan may be on a fixed rate basis or may be on a floating rate basis. If a guaranteed loan is on a floating rate, DECD may establish as a condition of guaranteeing the loan a ceiling that can be charged, based on its financial analysis of the borrower's ability to repay.

An applicant may be an individual, proprietorship, partnership or corporation, either for profit or non-profit. Applications are obtained by scheduling a pre-application appointment with the director of the program.

Once the application has been filled out and submitted to DECD, it will be reviewed for technical sufficiency, legal sufficiency and completeness. The lender will make its own credit decision and notify DECD.

To apply for financial assistance, an applicants shall submit to the Department an application on the form that the Departmetn requires.

a. Required information. The application shall include;

1. A detailed descripton of the project,

2. An itemization of known and estimated costs,

3. The total amount of investment required to perform the contract.

4. The funds available to the applicant without loan guarantee assistance from the Department.

5. The amount of loan guarantee assistance sought from the Department

6. Information that relates to the inability of the applicant to obtain adequate financing on reasonable terms through normal lending channels,

7. Information that relates to the financial status of the applicant, including, if applicable:

(a) A current audited balance sheet,

(b) A profit and loss statement,

(c) Credit referecnes

In Maryland, In-Home Day Care refers to care provided in children's own homes by relatives, other primary caregivers, or by family employees for a major portion of the day.

Family Day Care refers to care provided in the caregiver's home for one or several children. Caregivers may be relatives or friends. Care is commonly provided for a major portion of the day.

Family-Group Day Care refers to care up to 12 children in the caregiver's home. These are officially called Small Group Day Care Centers in Maryland.

Group Day Care Centers serve many children, usually in facilities which are not residential. Care may be provided for a major portion of the day.

Extended Day Care referes today care which serves children after and/or before public or private school hours or when public or private schools are closed.

WHO ARE THE CHILDREN?

1. In-home Day Care serves any children of any age and is the responsibility of parents or other primary caregivers.

2. Family Day Care serves children from infancy through age 16. Almost all the children are under the age of 2. Family Day Care is a service provided for a fee, as a small business operated by the family day care provider.

3. Family-Group Day Care serves children from infancy through age 16. Most of these children are ages 2 through 12. Family-Group Day Care is a service provided for a fee, as a small business operated by the principal caregiver.

4. Group Day Care usually serves children ages 2 through 6. Occasionally infants are served. Group Day Care may be under the auspices of churches, other non-profit organizations or private, for profit businesses.

5. Extended Day Care serves children ages 2 through 12 who attend public or non-public schools. Extended Day Care may be under the auspices of non-public or public schools or organizations.

WHO SUPERVISES THE CHILDREN?

In-home caregivers may be paid or unpaid, including relatives, children, adults, or an employee called housekeeper, maid or babysitter. There are no established qualifications. Family Day Care Providers may be relatives, friends,or other adults. To be publicly sanctioned (registered) the provider must be over age 18, physically and mentally healthy, and free of criminal records. Family-Group Day Care Providers must meet qualifications pertinent to day care centers. Therefore, the principal caregiver must have completed at least 64 hours of relevant training. The people responsible for groups of pre-school children in Group Day Care are called senior staff and must have completed at least 64 hours of relevant training. Aides must be 16 years old. Program directors must meet educational requirements determined by the size of the center. The people responsible for groups of children in Extended Day Care programs are called senior caregivers or group leaders. There are minimum educational requirements. Assistance may be given by caregiver aides.

As you know, In-home Day Care is almost always totally paid by parents. Any form of day care may be considered as being financially assisted through federal income tax credits.

Most Family, Family Group, Group and Extended Day Care fees are paid by parents. Lower income eligible families may be subsidized by federal and state funds. Non-profit day care programs commonly receive direct or indirect financial assistance from a variety of sources.

Nonrelatives who provide care for a fee in their own homes for 1-6 children must register as a family day care provider with the local department of social services. Local codes govern additional facility requirements.

Group Day Care Centers are regulated by the Department of Health and Mental Hygiene. These regulations cover most facets of health, safety, caregiver qualifications, group size, materials, and activities. Local codes govern facility factors and zoning.

Nursery schools or any day care center using the word school in its title are regulated by the State Department of Education.

All new applicants for the Day Care Facilities Loan Guarantee Program must be licensed by their respective regulator prior to officially opening. All applicants for expansion must mail a copy of their current license to qualify for consideration.

§ 266LL-1. Established.

There is a Day Care Facilities Loan Guarantee Fund administered by the Department of Economic and Community Development. (1983, ch. 585.)

Editor's note. — Section 3, ch. 585, Acts 1983, provides that the act shall take effect July 1, 1983.

Bill review letter. — Chapter 585, Acts 1983 (House Bill 972), was approved for constitutionality and legal sufficiency, as it was noted that an inaccurate statement in the title of the bill did not render the title misleading. (Letter of Attorney General dated May 13, 1983).

§ 266LL-2. "Department" defined.

In this subheading, "Department" means the Department of Economic and Community Development. (1983, ch. 585.)

§ 266LL-3. Operation and management of fund; purpose.

(a) *Contract with nonprofit organization.* — The Department may contract with a nonprofit organization to operate and manage the Fund under the provisions of this subheading.

(b) *Purpose.* — The Fund shall be used as a nonlapsing revolving fund to guarantee loans for the expansion or development of day care facilities in this State. (1983, ch. 585.)

§ 266LL-4. Receipts; expenses and disbursements; considerations in guaranteeing loans.

(a) *Receipts.* — All receipts designated for the Day Care Facilities Loan Guarantee Fund shall be placed in the Fund and administered by the Department including:

(1) Premiums for guaranteeing loans; and

(2) Income from investments that the State Treasurer, on instruction of 999 Department makes; for the Department under this subheading.

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(b) *Expenses and disbursements.* — The Fund shall be used to pay all expenses and disbursements authorized by the Department for financing, expansion, or development of group or family day care facilities in this State, including:

(1) Guaranty payments required by loan defaults; and

(2) Expenses for administrative, legal, actuarial, and other services.

(c) *Considerations in guaranteeing loans.* — In guaranteeing loans under this subheading, consideration shall be given to:

(1) Geographic distribution;

(2) Community need; and

(3) Community income, with priority given to those communities with the lowest median family income. (1983, ch. 585; 1984, ch. 255.)

Effect of amendment. — The 1984 amendment, approved May 8, 1984, and effective from date of passage, inserted a semicolon following "makes" in paragraph (2) of subsection (a).

Editor's note. — Section 2, ch. 255, Acts 1984, provides that "the provisions of this act are intended solely to correct technical errors in the law and that there is no intent to revive or otherwise affect law that is the subject of other acts, whether those acts were signed by the Governor prior to or after the signing of this act."

§ 266LL-5. Disposition of excess money.

(a) *Deposits and investments authorized.* — If, at any time, the amount of money in the Fund exceeds the amount that the Department considers necessary currently to meet its expenses and obligations, the excess shall be:

(1) Deposited with the State Treasurer, to the credit of the Fund; and

(2) Invested in the manner provided for by law.

(b) *Payment to State Treasurer.* — If, at any time, the amount of money in or credited to the Fund exceeds the amount that the Department considers necessary to meet its obligations, the excess, on resolution of the Department, shall be paid to the State Treasurer. (1983, ch. 585.)

§ 266LL-6. Annual report by State Treasurer.

Annually, the State Treasurer shall report to the Department as to:

(1) The status of the money invested under this subheading;

(2) The market value of the assets in the Fund as of the date of the report; and

(3) The interest received from investments during the period covered by the report. (1983, ch. 585; 1984, ch. 255.)

Effect of amendment. — The 1984 amendment, approved May 8, 1984, and effective from date of passage, substituted "subheading" for "subtitle" at the end of paragraph (1).

Editor's note. — Section 2, ch. 255, Acts 1984, provides that "the provisions of this act are intended solely to correct technical errors in the law and that there is no intent to revive or otherwise affect law that is the subject of other acts, whether those acts were signed by the Governor prior to or after the signing of this act."

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§ 266LL-7. Types of financial assistance.

Subject to the restrictions of this subheading, the Department, on application, may provide to the applicant the following types of financial assistance:

(1) A guarantee of a loan made to the applicant; or

(2) If the applicant is a corporation, a guarantee of an equity investment in the applicant. (1983, ch. 585; 1984, ch. 255.)

Effect of amendment. — The 1984 amendment, approved May 8, 1984, and effective from date of passage, substituted "subheading" for "subtitle" and inserted a comma following "Department" in the introductory language.

Editor's note. — Section 2, ch. 255, Acts 1984, provides that "the provisions of this act are intended solely to correct technical errors in the law and that there is no intent to revive or otherwise affect law that is the subject of other acts, whether those acts were signed by the Governor prior to or after the signing of this act."

§ 266LL-8. Prerequisites to guarantee of loan.

The Department may guarantee a loan made to an applicant only if:

(1) The applicant meets the qualifications required by this subheading;

(2) The loan is to be used to finance a group or family day care facility project; and

(3) The loan to be guaranteed is to be used for expansion or financing of a day care facility. (1983, ch. 585; 1984, ch. 255.)

Effect of amendment. — The 1984 amendment, approved May 8, 1984, and effective from date of passage, substituted "subheading" for "subtitle" at the end of paragraph (1).

Editor's note. — Section 2, ch. 255, Acts 1984, provides that "the provisions of this act are intended solely to correct technical errors in the law and that there is no intent to revive or otherwise affect law that is the subject of other acts, whether those acts were signed by the Governor prior to or after the signing of this act."

§ 266LL-9. Application for loan guarantee assistance.

(a) *Form.* — To apply for financial assistance, an applicant shall submit to the Department an application on the form that the Department requires.

(b) *Required information.* — The application shall include:

(1) A detailed description of the project;

(2) An itemization of known and estimated costs;

(3) The total amount of investment required to perform the contract;

(4) The funds available to the applicant without loan guarantee assistance from the Department;

(5) The amount of loan guarantee assistance sought from the Department;

(6) Information that relates to the inability of the applicant to obtain adequate financing on reasonable terms through normal lending channels;

(7) Information that relates to the financial status of the applicant, including, if applicable:

(i) A current audited balance sheet;

(ii) A profit and loss statement; and

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(iii) Credit references; and

(8) Any other relevant information that the Department requests. (1983, ch. 585.)

§ 266LL-10. Terms and conditions for guarantees; maximum amount of guarantee; maximum amount of insurance.

(a) *Authority of Department.* — Except as provided in this subheading, the Department may set the terms and conditions for guarantees of loans.

(b) *Maximum amount of guarantee.* — The total aggregate amount of the loan guarantee may not exceed 80 percent of the loan.

(c) *Maximum amount of insurance.* — The total aggregate amount of insurance from the Loan Guarantee Fund, with respect to the insured portions of the loan, may not exceed at any time an amount equal to 5 times the balance in the Loan Guarantee Fund. (1983, ch. 585.)

§ 266LL-11. Violations of guarantee agreement.

If an applicant violates any provisions of the loan guarantee agreement or ceases to meet the requirements of this subheading, on reasonable notice to the applicant, the Department may:

(1) Withhold from the applicant further loan guarantees until the applicant complies with the agreement or requirements; and

(2) Exercise any other remedy for which the loan guarantee agreement provides. (1983, ch. 585.)

§ 266LL-12. False statements or reports; penalty for violation of subheading.

(a) *In application or document.* — A person may not knowingly make or cause any false statement or report to be made in any application or in any document furnished to the Department.

(b) *To influence Department action.* — A person may not knowingly make or cause any false statement or report to be made for the purpose of influencing the action of the Department on an application for financial assistance or for the purpose of influencing any action of the Department affecting financial assistance whether or not such assistance may have already been extended.

(c) *Penalty for violation of subheading.* — Any person or any aider and abettor, who violates any provision of this subheading, is guilty of a misdemeanor and on conviction is subject to a fine not exceeding $50,000 or imprisonment in the penitentiary not exceeding 5 years, or both. (1983, ch. 585.)

§ 266LL-13. Rules.

The Department shall promulgate such rules as are necessary to carry out the purposes of this subheading. (1983, ch. 585.)

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